

COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

Investigation into Unbundling of

Metering, Billing and Information Services DTE 00-41

INITIAL COMMENTS OF UTILITY WORKERS UNION OF AMERICA, AFL-CIO(1)

OVERVIEW OF THE PROCEEDING

The passage of the Electric Utility Restructuring Act (St. 1997, c. 164) forever changed the landscape of the utility business in Massachusetts, not unlike the way in which antitrust litigation (see, e.g., *United States v. AT&T*, 552 F.Supp. 131 (D.D.C. 1982)) and federal legislation (e.g., Telecommunications Act of 1996) irrevocably changed the nature of the telecommunications business in this country. In two and a half short years, Massachusetts electric companies that previously enjoyed monopoly franchises and provided an integrated bundle of generation, transmission, distribution and customer services have sold off their generation resources, spun off unregulated subsidiaries, frequently merged into new and larger enterprises, and experienced the advent (although certainly not the flowering) of retail-level competition.

Distribution companies(2) continue to enjoy the exclusive right to distribute electricity in defined territories, G.L. c. 164, §§1B(a), 87, and have the ongoing obligation to provide generation supply under a "standard service transition rate" or "default service rate," G.L. c. 164, §1B(b) & (d).

Of particular relevance to the present proceeding, distribution companies also continue to provide metering services for all of their customers and billing services as well, although customers who obtain competitive generation supply have the option of receiving separate bills from the distribution company and the competitive supply company. G.L. c. 164, §1D.

Distribution companies, however, are not immune from future competition in metering and billing services. In Section 312 of the Restructuring Act, the Department of Telecommunications and Energy ("Department" or "DTE"), in conjunction with the Division of Energy Resources ("DOER"), is directed, no sooner than January 1, 2000:

to commence an investigation and study relative to the manner in which metering, meter maintenance and testing, customer billing, and information services have been provided by distribution companies since March 1, 1998 . . . , to analyze and determine whether such services should be unbundled and provided through a competitive market, whether in doing so any substantive savings accrues [sic] to consumers, and whether such substantive savings can be effected with little, if no, disruptions to employee staffing levels of those distribution companies presently conducting those activities.

St. 1997, c. 164, §312 ("Section 312"). In short, the DTE must investigate the current methods and costs of providing metering, billing and information services

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("MBIS"), and then recommend to the legislature whether opening these services to competition would benefit the public. The Department must also review "the creation of exclusive distribution service territories . . . to determine if such exclusivity shall be terminated or altered in any manner." Id. Unless and until the legislature approves amendments to G.L. c. 164 that allow for competition in providing MBIS, other companies cannot provide these services. Id.

On June 12, 2000, the Department issued an "Order Opening Investigation" ("Order") through which it is soliciting comments "regarding the extent to which metering, billing and information services ("MBIS") associated with electric service may be provided on a competitive basis." The Department plans to conduct this inquiry in two phases. In the first phase, the Department will consider whether MBIS should be provided on a competitive basis and whether the currently exclusive distribution territories should be terminated or altered. In the second phase, the Department will develop proposed legislation to implement the changes it believes are necessary.

Initially, comments were due July 10, 2000 and reply comments on July 24, 2000. Upon the request of several electric distribution and gas companies, the Department extended the deadline for initial comments to August 1, 2000 and reply comments to August 30, 2000.

In its Order, the Department requires electric distribution companies to file detailed cost information regarding MBIS operations, including employee staffing levels, and invites interested parties to comment on six questions regarding MBIS and the delineation of service territories.

INTEREST OF THE UTILITY WORKERS UNION OF AMERICA

The Utility Workers Union of America is a national union that represents 50,000 utility workers across the country, 5,000 of those in Massachusetts. UWUA's members work to provide consumers with a safe, reliable and affordable supply of gas and electricity. As the people who read meters, process bills, answer customers' telephone calls, inspect manholes and substations, and fix gas line leaks, UWUA's members have the experience and knowledge to recognize the value to consumers of reliable supply and high-quality service.

The Utility Workers Union of America, AFL-CIO, UWUA Locals 273, 369, 387 and 446, and the Brotherhood of Utility Workers Council (collectively, "UWUA") are pleased to offer comments in this proceeding. The Restructuring Act was passed with the promise that customers would experience lower prices and receive better products and services if competition was allowed to flourish. Since the Restructuring Act was signed into law, very few customers have had the opportunity to participate in the competitive market. (3) Further, while the law mandated phased retail price reductions of 10% and then 15% (G.L. c. 164, §1B(b)), wholesale markets here and around the country have been exhibited extreme volatility and uncertainty in generation costs. Customers exposed to true market costs have suffered. (4) The Restructuring Act has thus far delivered far less than its proponents predicted, in terms of actual competition and price reductions.

UWUA is extremely skeptical that the public will benefit from introducing competition into the realm of MBIS services. UWUA is concerned not only because the jobs of its members are at risk, but also because MBIS competition is likely to increase costs and confuse customers, without providing offsetting benefits. (5)

The legislature directed the Department to consider the "disruptions to employee staffing levels" that would occur if MBIS services are unbundled. Section 312; see also St. 1997, c. 164, §1(q) & (r). (6) The legislature also expressed its concern, in other provisions of the Restructuring Act, that the Department guard against any declines in the quality of service as the industry restructures. See, e.g., G.L. c. 164, §§1E, 1F(7). There is little to suggest that customers would benefit from MBIS

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competition, and there are numerous reasons (as discussed below) to conclude that MBIS competition will create customer confusion and place the quality of service at risk. Finally, it is certain that MBIS competition would lead to reductions in staffing levels at distribution companies. UWUA opposes the introduction of MBIS competition, with some limited exceptions for larger customers detailed in these comments.

THE DEPARTMENT NEED NOT AND SHOULD NOT CONSIDER OPENING GAS COMPANY MBIS SERVICES TO COMPETITION

The Department has invited all interested parties to comment on the following question:

To what extent, if any, does the Restructuring Act require or allow the Department to consider whether MBIS should be offered competitively within the natural gas industry?

Order, at 5 (question 6). UWUA responds to this question first because it raises the threshold question of the extent to which gas companies should be within the scope of this proceeding.

The wording of Section 312 addresses the potential for opening competition for MBIS services provided by "distribution companies," a term that includes companies that distribute electricity but not those that distribute gas. See n.2, *supra*. Section 312 thus does not require the Department to consider whether gas company MBIS services should be open to competition.

The Department's initial Order in this docket, in parallel fashion, distinguishes between gas and electric companies. In the very first sentence of the Order, the Department solicits comments regarding "the extent to which metering, billing and information services associated with electric service may be provided on a competitive basis." (Emphasis added). On page two of the Order, the Department notes that "[p]rior to March 1, 1998 electricity customers . . . were required to purchase a bundled package of electricity-related services (including MBIS) from their local electric companies." (Emphasis added). The Department has only required "electric distribution companies" to file detailed MBIS cost information. *Id.* (emphasis added).

Section 312 makes it clear that the Department is only mandated to consider MBIS competition for electric utilities, but the Department fairly raises the additional question whether the Restructuring Act permits it to consider MBIS competition for gas companies. UWUA urges the Department not to consider unbundling of gas MBIS services.

In Section 312, the legislature prohibited the "unbundling and creation of retail competition of such [MBIS] services . . . unless statutorily allowed through amendments to said chapter 164. . . ." This language is a condition upon the Department making electric MBIS services competitive. In passing Section 312, the legislature apparently did not contemplate that gas MBIS services would be made competitive. In fact, in the last sentence of Section 312, the legislature only contemplated that competition in MBIS services could interfere with collection of revenues "owed to the electric company, the distribution company, a transmission company, a generation company, the financing entity, or rate reduction bondholders." The term "gas company" (G.L. c. 164, §1) is notably absent from this list, no doubt because the legislature did not expect the Department to open up gas metering and billing to competition.

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Even if Section 312 or other provisions of law allows the Department to consider opening up gas MBIS services to competition, UWUA urges the Department not to do so. Allowing competition for gas MBIS services poses a far greater safety risk to the public than electric MBIS competition. Gas is an inherently dangerous product that explodes easily. Gas company employees in safety-sensitive positions are tested for use of drugs and alcohol. They are also trained to detect leaks, respond to odor calls, and handle service calls in which public safety is often a critical concern. Allowing other workers who are not as highly regulated and trained to perform safety-sensitive work poses grave risks for the public.

The Department is well aware that one of the most destructive gas explosions in Massachusetts in recent years was attributed to the inexperience of an employee of an outside gas locating service. See "DTE Incident Report - 57-59 George Street, Attleboro, Massachusetts - March 4, 1998." Opening up MBIS services to competition will open potential risks. Workers employed by unregulated companies that do not provide the full range of distribution and MBIS services are simply less likely to be as trained and experienced as gas company employees. The Department, as a practical matter, cannot regulate a large number of competitive MBIS companies as closely as it regulates a small number of gas companies, even if the legislature grants the Department the authority to regulate competitive MBIS companies. Also, while gas companies will of course continue to be safety-conscious and offer safety-related services to customers after the advent of MBIS competition, they will, in practice, be less able to do so once the ranks of MBIS workers have been depleted. (7)

Last year, the California legislature, responding to concerns that competition for gas MBIS services could threaten public safety, passed Chapter 909 of the Acts of 1999 (relevant provisions of which are codified at Cal. Pub. Util. Code §§328 et seq.). This law requires gas companies to continue providing "services that protect public or customer safety" at no charge to customers. Gas companies are also required to continue providing a range of services, including meter installation, maintenance, and testing; billing and collection; carbon monoxide and leak investigations; pilot relighting, and high bill investigations. (8) Cal. Pub. Util. Code §328.1. The California legislation was very concerned that gas companies must continue to provide the full range of services that protect public safety, and prohibited competition for these services. In Massachusetts, UWUA is not aware that gas customers are pushing to open gas MBIS services to competition, (9) yet this type of competition will place public safety at risk. The Department should not further consider opening gas MBIS services to competition, unless so directed by the legislature.

MBIS COMPETITION EXPOSES CUSTOMERS TO INCREASED COSTS AND DECLINES IN SERVICE, AND NEEDLESSLY PLACES THE JOBS OF SKILLED WORKERS AT RISK

Section 312 requires the Department to consider the extent to which MBIS competition will cause "disruptions to employee staffing levels." To carry out this mandate, the Department's first question invites comments on "impacts on utility employee staffing and the effect that such competition would have on a distribution company's ability to meet the needs of its customers on an ongoing basis." This question also solicits comments on the full range of "costs and benefits that competitive MBIS would provide."

UWUA has little accounting information available to it regarding the provision of MBIS services and therefore reserves its right to submit reply comments on the economic costs and benefits of MBIS competition. In this initial round, UWUA offers comments on the impacts on employees and on the ability of distribution companies to provide safe, dependable and high-quality service if MBIS competition is allowed.

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Opening MBIS to competition will inevitably lead to a loss of relatively stable and well-paying jobs. To the extent MBIS competitors succeed, distribution companies will reduce their MBIS staffing levels, which are already at historically low levels. Between 1986 and 1998, the number of jobs in the utility industry decreased by 180,000 (more than 30%). The Restructuring of the Electric Power Industry: A Capsule of Issues and Events, DOE/EIA - X037, January 2000

(www.eia.doe.gov/cneaf/electricity/chg_str/booklet/electbooklet.html).

Massachusetts UWUA Locals have also seen their membership decline more than 30%. Companies have already consolidated jobs and functions, especially among workers who answer customer calls, investigate billing complaints, and carry out related tasks. (10) Utilities will see further staff cuts as one of the few available means to reduce costs if MBIS-related revenues decline.

In general, younger and less experienced workers will be most likely to lose their jobs. In UWUA's experience, women make up a disproportionate share of younger MBIS workers (compared to the overall utility workforce, which is more predominantly male), and these women are often the sole support for their families. MBIS competition will wreak havoc in their lives. Any offsetting benefits to customers are limited in scope and may prove to be illusory.

Opening MBIS to competition also will threaten the ability of distribution companies to meet their customers' needs. Electric distribution companies must mobilize large numbers of workers quickly when outages occur. MBIS workers play a key role in outage restoration efforts. Some of them provide critical information to public safety officials who must deal with outage-related problems, including emergency medical treatment and traffic control. Other employees help identify customers who critically depend on electricity for life-support devices. MBIS workers also provide crucial support during large outages to out-of-state crews who are not familiar with the local service territory. They act as "bird dogs," helping to navigate local streets. If MBIS becomes competitive, distribution companies will have to reduce their MBIS staff levels. They will be less able to respond to outages and other emergencies.

Day-to-day service will also suffer. Presently, customers know that they can call their distribution company 24 hours a day, every day of the year, in an emergency. For customers with serious health problems, those calls can involve matters of life or death. On more routine matters, such as billing or payment plan inquiries, the distribution company's customer service staff can access all of the relevant information and call upon other company departments to obtain relevant information. If MBIS becomes competitive, customers will be confused about who to call, regardless of the level of customer education efforts by the distribution company and any competitive MBIS companies. Further, the competitive company's customer service centers may be located in another state and may not be available as many hours each day. For many questions, customers may be bounced back from the competitor's customer service center to the distribution company. (11) Customers far prefer to call one company regarding any problem with delivery of electricity and related metering, billing and payment issues. The Department also has a much greater ability to require a high level of customer service if only a relatively small number of regulated distribution companies provide MBIS services.

MBIS competition may, at first, appear to present more problems for less-sophisticated residential and small commercial customers and hold more promise for large customers, but "[d]eregulation is magnifying the workload" even for such major customers as Harvard University. Robbin Christanson, "Read My Bill: Energy Users Tell All," Public Utilities Fortnightly, Spring 2000 supplement, at 10. As competition increases, large customers, especially those with multiple locations, must process an increasing number of bills and become familiar with ever-changing and conflicting bill formats. Id.

By keeping MBIS bundled with other distribution services, distribution companies will be able to continue providing services that customers value and that benefit the public. Meter readers and other field workers know their routes and their customers. At Massachusetts Electric Company, to choose one example, MBIS workers

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are trained to identify elderly customers who may need assistance of various kinds, and to refer these customers to the company's "Gatekeeper" program. This program then hooks the customers up with social service providers. Every day, MBIS workers help the public in ways that would be hard for a competitive company that only reads meters or sends bills from a remote office to replicate. For example, the president of Local 446, in the course of reading meters, saved an elderly woman's life by calling for emergency medical help. Similarly, a Bay State gas technician last year assisted an elderly woman who he found lying on the floor of her home.

Distribution company employees, of course, are not the only people willing to offer help to those who are obviously in need, but UWUA believes that competitive companies will experience much higher turnover in their workforces and, by the very nature of their business, will not have the same long-term connection with particular customers. Competitive employees who are less familiar with their customers will be less likely to spot problems, and customers will be more wary of employees who may be wearing the uniform of an unfamiliar company.

Splintering off the MBIS function is also likely to increase costs for customers. There are natural synergies between MBIS tasks and other service and operations/maintenance tasks that distribution company employees carry out. Distribution companies can more fully utilize their work forces and minimize costs for equipment that employees need (e.g., trucks, tools, supplies) if they provide MBIS and distribution services. If competitive companies are allowed to provide MBIS services, this will likely result in the distribution company and the competitive company incurring overlapping or duplicate costs. For example, the distribution company will still need to obtain and process consumption data to prepare its own bills, prepare load forecasts, and design distribution system upgrades. It is hard to imagine how total MBIS costs will decrease under competition, and consumers will inevitably pay for any increased costs.

Competitive MBIS will also raise a host of issues that the Department will have to address. These issues include:

How will meters installed or read by competitive companies be tested to insure their accuracy? (See G.L. c. 164, §103-122, regarding testing and operation of gas and electric meters). Who will be responsible for testing, and for removing the old meter and/or installing a new meter if the customer switches competitive suppliers?

If competitive companies render a single bill for distribution and generation services, will these entities then be responsible for providing the full range of notices and information that distribution companies now provide in their bill envelopes, such as notices regarding energy conservation programs (225 CMR 4.06); of proposed rate increases (220 CMR 5.06); regarding the Department's termination protections (220 CMR 25.03(5)); etc.? If distribution companies will not otherwise be mailing their own bills but must still send out the required notices and information, will this simply increase administrative costs, to the disadvantage of consumers?

How will the Department determine the size of any credit that distribution companies will provide to customers who choose to obtain their billing or metering services elsewhere? What mechanisms can be put in place to insure that customers are not harmed (e.g., to insure, over time, that the credits match the distribution company's true avoided costs)?(12)

If competitive companies are allowed to offer billing services, what types of bonding, insurance and regulatory provisions will protect the distribution company and, more importantly, its customers in the event that the competitive billing company fails to make timely payments to the distribution company, goes bankrupt, or improperly allocates customer payments between distribution and generation services?

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What electronic data protocols are necessary to insure that a competitive metering and billing company timely provides the distribution company with the consumption data it may need to: (i) render bills (if there are separate distribution and generation bills), (ii) verify that payment amounts to the distribution company are accurate (if the competitive company renders a single, consolidated bill), or (iii) prepare load forecasts or design distribution system upgrades?

Will competitive billing companies be required to meet any performance standards regarding the accuracy and timeliness of their bills?(13)

These issues are not insurmountable, but they are substantial and should only be addressed if there are clear gains for consumers from allowing MBIS competition. UWUA sees few gains for most customers. For example, the costs of installing new, more sophisticated meters for residential and small commercial customers easily outweigh any potential economic gains from greater ability to enter the competitive marketplace and respond to time-sensitive pricing. See "Cost Impact of Competitive and Network Metering in New York," November 1988 (prepared for the New York Department of Public Service by Arthur Andersen).

The interest that larger customers may have in installing meters that distribution companies may not offer, or in obtaining detailed consumption data more promptly, can be addressed without generally opening up MBIS services to competition. The benefits that these customers seek can largely be obtained within the current structure for MBIS services. First, the Department could facilitate a working group among distribution companies, customers, and other interested parties (including vendors of metering equipment and competitive suppliers) in which the parties might reach consensus on the types of meters and related data transmission services that distribution companies should provide upon request of a customer. In essence, distribution companies would have to make all reasonable metering options and data capabilities available to customers. (14) Second, if the first option does not succeed, the Department could allow customers to designate more sophisticated meters that they may want installed. So long as the designated meter does not interfere with the distribution company's own operations or metering needs, the customer should be allowed to install it, subject to testing protocols approved by the department, or to ask the distribution company to install it. (15) Even in this scenario, however, the customer has little to gain from a third party reading this meter and render bills, and having the distribution company continue to perform these services avoids the host of safety, cost and service quality issues outlined above.

THE DEPARTMENT SHOULD NOT RECOMMEND THE AMENDMENT OR REPEAL OF G. L. C. 164, §1B(a) & (c)

In the third, fourth and fifth questions of the Order in this case, the Department solicits comments on whether provisions of G. L. c. 164, §1B(a) & (c) regarding service territories and the obligation to serve should be amended or repealed. UWUA believes that revision or repeal of these provisions is either impractical or contrary to the interests of consumers.

The first sentence of G. L. c. 164, §1B(a) provides:

The department shall define service territories for each distribution company by March 1, 1998, based on service territories actually served on July 1, 1997, and following to the extent possible municipal boundaries.

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While customers in towns served by higher-priced distribution companies might like the Department or the legislature to redraw territorial lines to include them in lower-priced territories, UWUA does not believe this is feasible. The remaining customers of the higher-priced company would likely experience even higher rates, as the company's revenues would decline while fixed costs would not. It is also not clear how the Department or the legislature would decide which towns or clusters of customers would be switched from higher-priced to lower-priced companies. (16)

The second sentence of G.L. c. 164, §1B(a) provides:

After March 1, 1998 . . . the distribution company shall have the exclusive obligation to provide distribution service to all retail customers within its service territory, and no other person shall provide distribution service within such service territory without the written consent of such distribution company . . .

UWUA sees no reason to amend or repeal this provision. First, distribution companies must have the continuing obligation to provide distribution service upon request of any customer. Electricity remains a vital service for residents and businesses, and the public interest requires that existing companies offer distribution services to all takers. Second, other companies should not be allowed to offer distribution services. The distribution business remains a natural monopoly, in the sense that allowing competing distribution systems of wires and poles will almost certainly increase costs and create needless visual clutter and street openings.

G.L. c. 164, §1B(c) prohibits an electric company from using the distribution system of any other company to make direct or indirect sales to end-use customers in another company's service territory, unless the selling company has an approved restructuring plan that allows for comparable access to its end-use customers. In essence, this provision requires a level playing field for competing companies and should be retained.

CONCLUSION

UWUA asks that the Department not recommend to the legislature that MBIS should be opened to competition.

Respectfully submitted,

UTILITY WORKERS UNION OF AMERICA UWUA Locals 273, 369, 387, and 446

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1. These Comments are jointly sponsored by the national Utility Workers Union of America, AFL-CIO; UWUA Local 273 (Bay State Gas Company); UWUA Local 369 (Boston Edison Company); Local 387 (Boston Edison Company); UWUA Local 446 (Massachusetts Electric Company); and the Brotherhood of Utility Workers Council.

2. A "distribution company" is "a company engaging in the distribution of electricity or owning, operating or controlling distribution facilities," G.L. c. 164, §1. "Gas [distribution] companies" (i.d.) are not considered "distribution companies."

3. As of May 2000, 3,873 out of 2,187,745 residential customers (.17%) were receiving competitive supply. Including larger customers, less than .4% of all customers are on competitive supply. See Division of Energy Resources <www.magnet.state.ma.us/doer/pub_info> (customer migration report).

4. In the San Diego region, where wholesale price increases flow through to customers, "San Diego Gas and Electric officials have called for an emergency summit of participants in the state's electric market" to address soaring prices that have left both customers and legislators outraged. The Electricity Daily (July 11, 2000). In the Montana and the Pacific Northwest, price spikes have caused the shutdown of copper mines and aluminum plants and the layoff of more than 1,000 workers. See "Spiking electricity rates forcing layoffs in the West," Boston Globe, July 11, 2000, at E6. In Rhode Island, the state's largest industrial customers, who were early proponents of restructuring, are now up in arms because they have been "unable to find someone to replace the [existing] contract" and could pay 8¢/kWh this summer. The Electricity Daily (June 23, 2000). Here in Massachusetts, rising wholesale prices have led some major competitive suppliers to shift their customers back to default service. At least one distribution company, Massachusetts Electric ("MECo"), claims that this is increasing its costs by millions of dollars. See MECo's April 28, 2000 letter to DTE, seeking interim adjustments to default service prices.

5. Two members of the California Public Utilities Commission (President Loretta Lynch, and Commissioner Carl Wood) recently criticized how quickly restructuring has proceeded without properly analyzing the "potential adverse consequences . . . such as consumer harm that may be caused by dismantling the traditional distribution utility." (Internal quotations omitted). They added that "the commission restructured an entire industry on the basis of shaky assumptions" of consumer benefits, "not concrete analysis" of the causes of high electric rates. They concluded that "[w]e will not support more deregulation of the electric industry until we better understand the consequences for our state." Comments of Commissioner Wood and President Lynch on the [July 6, 2000] Staff Study on Electric Retail Markets and Distribution Services (July 2000).

6. Section 1(q) reads: "The transition to expanded customer choice and competitive

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markets may produce hardships for employees whose working lives were dedicated to their employment." Section 1(r) reads: "It is preferable that possible reductions in the workforce directly caused by electricity restructuring be accomplished through collective bargaining negotiations and offers of voluntary severance, retraining, early retirement, outplacement, and related benefits."

7. If the Department considers opening gas MBIS services to competition, it should require gas companies to describe how cutbacks in MBIS staffing levels might impair their obligation to provide annual safety surveys under 220 CMR 101.06(21) and to offer other safety-related services.

8. The only exception is that gas customers who choose competitive suppliers may receive billing and collection services from the supplier. Cal. Pub. Util. Code §328.2.

9. UWUA is aware that some large consumers of electricity are interested in installing sophisticated time-of-use meters, and may encourage the opening of MBIS competition to achieve their goals of better metering and data transmission.

10. When utility companies merge, they often point to the potential to eliminate customer service positions as an area for savings. See, e.g., "Testimony of Thomas J. Flaherty," Exh. TJF-1, p. 31, in DTE 99-19 (Boston Edison/ComElectric/ComGas merger).

11. A recent Edison Electric Institute study, Electricity Competition and Consumers: Getting the Rules Right (<www.eei.org/issues/comp_reg/finmtrbl.htm>), highlights the potential for customer confusion, using the example of a customer who calls the distribution company to investigate a problem, only to learn that the problem is with the competitive company's meter. In the context of telephone deregulation and the proliferating number of service providers, the National Association of Regulatory Utility Commissioners' Committee on Consumer Affairs just released a study showing that complaints against long-distance carriers AT&T and MCI have tripled in the past two years alone. The Committee's chair noted that "competition is not the panacea for excellent customer service that it's touted to be . . . customer complaints have increased at an alarming rate."

12. This will prove a challenging exercise, since there is presently little basis for calculating, as one example, the cost relationship between a decrease in customers billed directly each month by the distribution company and the distribution company's staff levels.

13. The New York Public Service Commission has noted that competitive billing companies may have higher error rates, in the initial stages of rendering bills. Order Providing for Customer Choice of Billing Entity, NYPSC 99-M-0631 (March 22, 2000), at 8.

14. The Department might still have to resolve questions involving which party bears the cost of equipment or services beyond the levels assumed in development of distribution rates.

15. See previous footnote.

16. The Department, however, may wish to seek clear legal authority from the legislature, if it does not already have this authority, to decide that a new customer near the boundary of one company could be served by an adjacent company. The Department should be allowed to make minor adjustments at the perimeters of existing service territories.